

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

Civil Case No. 1:24-cv-00133-GPG-STV

QUALIA LABS, INC.,

Plaintiff,

v.

SETTLOR, INC.; KRISTA MYERS;  
LAND TITLE GUARANTEE  
COMPANY; JOHN FREYER, JR.;  
MIKE PATTERSON; MATTHEW  
DAISLEY; and DOES 1 through 100,  
inclusive,

Defendants.

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**SECOND AMENDED COMPLAINT AND JURY DEMAND**

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Plaintiff QUALIA LABS, INC. (“Plaintiff” or “Qualia”) hereby brings this complaint against SETTLOR, INC. (“Settlor”), KRISTA MYERS (“Myers”), LAND TITLE GUARANTEE COMPANY (“Land Title”), JOHN FREYER, JR. (“Freyer”), MIKE PATTERSON (“Patterson”) and MATTHEW DAISLEY (“Daisley”) (collectively “Defendants”) as follows:

**INTRODUCTION**

1. This action concerns Defendants’ illegal enterprise to steal intellectual property from, and compete unfairly with, Plaintiff Qualia through at least four distinct schemes.

2. Defendant Settlor is a recent newcomer to an industry in which Qualia has been a recognized leader for over a decade.

3. Rather than invest the necessary time, money and resources to develop its own product to compete with Qualia, Defendant Settlor, and its alter ego Defendant Land Title, through their President Defendant Freyer and Settlor co-Founder Defendant Patterson, directed a multi-pronged ongoing enterprise designed to systematically steal Qualia's confidential and trade secret data by engaging in four unlawful schemes, which cumulatively represent a continuous and ongoing pattern of racketeering activity. Defendants did not simply take Qualia's trade secret data and use it; they employed several distinct methods and strategies over a sustained period of time to ensure that they stole and used every key component of Qualia's software, and employed the key Qualia employees needed to do it. Defendants' unlawful enterprise included the following unlawful schemes:

- (i) First, First, Freyer and Settlor/Land Title targeted specific Qualia employees to leave Qualia for Settlor and share their insider knowledge of Resware (**"Recruitment Scheme"**);
- (ii) Second, after she was successfully recruited, Myers stole proprietary and trade secret data from Qualia and shared it with Settlor/Land Title (**"Myers Insider Theft Scheme"**);
- (iii) Third, after Daisley was successfully recruited, he and the other Defendants hacked into Resware and obtained and then used technical trade secret and confidential information (**"Unauthorized Hacking Scheme"**); and
- (iv) Fourth, Daisley, in concert with the Defendants, then wrote scripts designed to be secretly run in Resware's system to extract specific confidential and competitively valuable data and information, and Defendants caused those

scripts to be run, and then used the extracted and stolen Qualia confidential information to build Settlor's competing software product ("**Unauthorized Export Scheme**").

4. Simply stated, Defendants stole from Qualia what they could not innovate themselves, obtain publicly, or purchase, because Qualia's trade secrets and proprietary information are not for sale. They then used that stolen property to target Qualia's customers. As a result of the acts complained of, Settlor's software product is tainted by the illegal possession, use, and incorporation of Qualia's stolen intellectual property ("IP").

5. Defendants went from not yet having built a system that was customizable at the time of Myers' hire (a fact she admitted in contemporaneous emails to then-current Qualia customers Settlor was prospecting), to quickly building a system in less than a year that they subsequently (and falsely) represented to Qualia customers, and the public at large on their website, was equivalent in functionality to Resware. It is now clear, thanks to discovery in this lawsuit, that it was Defendants' use of stolen Qualia trade secrets and proprietary know-how that enabled them to build their product. Had Defendants never had access to Resware's functionality that they illegally obtained as pled herein, then they would never have known what to focus on and illegally use for the express purpose of competing against Qualia.

6. Defendants undertook this theft and targeting as a pre-meditated and ongoing plan to steal and market a product that did not belong to them. Settlor, of course, knew it could not execute this scheme alone so it enlisted the other Defendants to help it steal, and then use, this highly sensitive and valuable trade secret information on multiple occasions and in various ways. And Defendants will continue to use the stolen

information to target even more customers indefinitely into the future, if not stopped. This is not an isolated incident of trade secret theft by a single bad actor. Instead, it is a coordinated plan, crafted and carried out by several independent parties acting as one to achieve Defendants' goal of stealing Qualia's customers and damaging its business through a pattern of racketeering activity that has gone on for approximately two years and will continue unless enjoined by this Court. This amended complaint is brought to seek an end to, and recover damages for, the harm that Defendants have intentionally caused and continue to cause Qualia.

**NEWLY DISCOVERED EVIDENCE PRODUCED BY DEFENDANTS IN 2025  
REQUIRES AMENDING THE FIRST AMENDED COMPLAINT**

7. Qualia initially filed this lawsuit after learning that one of its former employees, Defendant Myers, stole hundreds of Qualia files containing trade secret and confidential information and shared that information with Defendant Settlor, her new employer and a direct competitor of Qualia.

8. Qualia subsequently amended its Complaint to add Land Title as a defendant after Qualia learned that Settlor was the alter ego of Land Title.

9. Based on new evidence only recently produced by Defendants, Qualia has learned for the first time that Defendants' theft and use of its trade secrets and confidential data extended far beyond the conduct described in Qualia's initial Complaint, and that Defendants have been engaged in a long-term, multi-pronged enterprise to steal and use Qualia's proprietary and trade secret data to build a competing product. This enterprise included not only Myers's original theft of Qualia's files, but encompassed four distinct schemes which cumulatively constitute a pattern of racketeering activity: (i) the scheme to recruit Qualia employees for the purpose of obtaining and using Qualia trade secrets;

(ii) the scheme to steal files and information from Qualia containing Qualia's confidential and trade secret data; (iii) the scheme to obtain unauthorized access to Qualia's software on protected computers, using fraudulently obtained credentials; and (iv) the scheme to write scripts that they then caused to be deployed on Qualia's software for the purpose of exporting Qualia's confidential and trade secret data and incorporating the stolen Qualia IP into Defendants' software.

10. It is therefore necessary to amend the First Amended Complaint to plead the newly discovered evidence, add new causes of action against all Defendants for (a) violation of the federal Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(2)(C) and 1030 (a)(4), (b) violation of the federal civil Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1962(c) and U.S.C. § 1962(d), (c) violation of the Colorado Organized Crime Control Act ("COCC"), § 18-17-101, C.R.S., (d) Intentional Interference with Contract (as to Qualia's then-customers), and (e) Intentional Interference with Prospective Economic Advantage. Based on the newly discovered evidence, it is also necessary to name Land Title President and Settlor President and co-Founder John Freyer, Jr., Settlor co-Founder and Head of Applications Mike Patterson, and current Land Title/Settlor and former Qualia employee Matthew Daisley, as defendants.

11. The evidence of this additional unlawful conduct comes from an incriminating production of internal documents and communications made by Settlor on January 30, 2025 which, for reasons explained herein, Qualia was not allowed to review until May 2025, and which revealed to Qualia for the first time a vast and multi-faceted campaign by Defendants to steal and monetize Qualia's trade secrets through multiple

unlawful schemes. Metadata associated with that production indicates that at least some of the January 30, 2025 materials were collected and processed internally by Settlor for production as early as May 2024. Settlor not only delayed producing these key materials without justification, it then improperly designated approximately two-thirds of the documents as “Attorneys Eyes Only” under the Court’s Stipulated Protective Order, preventing Qualia’s counsel from sharing them with Qualia for months. This tactic resulted in Qualia’s counsel having to obtain a formal Court Order on April 30, 2025, ordering Settlor to down-designate these documents -- the vast majority of which related to Qualia’s software, customers and non-public information -- so that Qualia could review and assess this critical evidence.

12. The timing of this amendment will not improperly prejudice any Defendant because it is based upon and was caused by Defendants’ own withholding of documents, evidence, and facts that have been solely in Defendants’ possession throughout this case.

### **THE PARTIES**

13. Plaintiff Qualia Labs, Inc. is a Delaware corporation with its principal place of business in San Francisco, California.

14. Defendant Settlor, Inc. purports to be a Colorado corporation with its principal place of business at 3840 York Street, Suite 200, Denver, Colorado 80205 in Denver County. As alleged herein, Defendant Settlor is, in reality, nothing more than the alter ego and an instrumentality of Defendant Land Title.

15. Defendant Krista Myers is a former long-standing Qualia employee who is currently employed as Settlor's Head of Product at Settlor's corporate headquarters in Colorado. Upon information and belief, Defendant Myers is a citizen of Indiana.

16. Defendant Matthew Daisley is a former Qualia Lead Software Engineer who is currently employed as a software engineer at Settlor's corporate headquarters in Colorado. Upon information and belief, Defendant Daisley is a citizen of Colorado.

17. Defendant Land Title Guarantee Company is a Colorado corporation with its principal place of business at 3033 East First Avenue, Suite 600, Denver Colorado 80206 in Denver County. As alleged herein, Defendant Land Title is, in reality, the alter ego of Defendant Settlor.

18. Defendant John Freyer, Jr. is the President of Defendant Land Title Guarantee Company, and the President and co-Founder of Defendant Settlor. Upon information and belief, Freyer is a citizen of Colorado.

19. Defendant Mike Patterson is the Director of Systems Development for Defendant Land Title, and the Head of Applications and co-Founder (with Defendant Freyer) of Defendant Settlor. Upon information and belief, Patterson is a citizen of Colorado.

#### **DEFENDANTS SETTLOR AND LAND TITLE ARE ALTER EGOS**

20. Settlor purports to be an independent software company that was spun off from Land Title. In reality, Land Title and Settlor have at all times been, and remain, alter egos of each other. Settlor depends entirely on Land Title's resources, is run and managed by Land Title, and is functionally one and the same as Land Title.

21. Settlor's initial discovery responses confirmed that Settlor and Land Title share and comingle the following functional resources: Desktop and IT Support; Talent Acquisition / Human Resources; Payroll; Financial Accounting; Marketing; and Communications. In other words, Settlor's operations are run by Land Title employees who are paid by Land Title, physically work at Land Title's offices, and are directed and controlled by Land Title's senior-most executive.<sup>1</sup>

22. When Myers began working at Settlor, she regularly interacted with and took direction from the Land Title team.

23. By sharing officers, employees and resources, Land Title comingles and diverts its corporate assets to Settlor. Without Land Title's functional resources, operations, and corporate assets, Settlor lacks the adequate capitalization, employees, management, and corporate assets to survive independently as a stand-alone entity.

24. Settlor and Land Title are both operated and controlled by Freyer, who serves as Land Title's President and Settlor's Co-Founder and President. Freyer is believed to execute many of his duties as Settlor's President from his Land Title office, while simultaneously running Land Title, using Land Title servers, resources, and emails, and with Land Title employees working on Settlor's technical and business matters. Freyer uses his Land Title email to conduct and oversee Settlor business. Qualia believes that his salary to run Settlor is functionally paid by Land Title. And, based on documents recently produced by Settlor, it is clear that Freyer oversaw and directed the illegal

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<sup>1</sup> This alter-ego relationship was the reason why Land Title was involved in every step of the recruiting and hiring process for Myers: Myers met with a Land Title consultant during the recruiting process, Myers's "Settlor" job offer was sent to her on Land Title letterhead by a "full time" employee of Land Title after Land Title recruited her, and after accepting the offer, Myers received an email welcoming her to the "Land Title team." Per her offer letter, Myers was hired as a direct report of a Land Title/Settlor employee who worked fully on-site (i.e., was physically present and maintained an office) at Land Title.



conduct set forth herein, including specifically requesting and receiving Qualia trade secret information from Myers once she was employed by Settlor.

25. Settlor's other co-Founder and Head of Applications, Patterson, has worked for Land Title for over 20 years and, upon information and belief, remains Land Title's Director of Systems Development. Patterson, like Freyer, conducts Settlor business and exercises control over Settlor from his Land Title office and using Land Title resources. And, based on documents newly produced by Settlor, it is clear that Patterson was directly involved in, and had knowledge of, the conduct described herein.

26. Qualia is informed, believes, and alleges that Settlor was undercapitalized from its inception, and remains so. While Qualia believes that Freyer and his immediate associates were the primary source of capitalization for Settlor, such capitalization was not enough to establish Settlor as a stand-alone entity. Land Title and Settlor have refused, improperly, to respond to discovery demands seeking specifics about Land Title's equity interest and capitalization of Settlor, but on information and belief, Qualia asserts that Land Title has an equity or equivalent interest in Settlor.

27. Until Settlor hired Myers and Daisley and began stealing and incorporating Qualia's proprietary and trade secret technical and business data into its products and business strategy, Land Title was one of only two Settlor "customers" of size. Even today, two of the three customer testimonials on Settlor's website come from Land Title employees.

28. Land Title's "customer relationship" with Settlor is nothing more than a conduit for Land Title to divert its corporate assets to Settlor in order to shadow-capitalize Settlor in a manner that does not involve further direct investment by Freyer. This is

evidenced by the timeline of their customer relationship, as well as the revenue provided by Land Title to Settlor (which is not consistent with the limited capabilities of Settlor's product prior to the theft and incorporation of Qualia's trade secrets).

29. Settlor, as Land Title's alter ego, also disregards legal formalities. Settlor's registered agent of service of process is Freyer's executive assistant at Land Title, and Settlor lists her at her Land Title business address. More importantly, in connection with the acts complained of and pled herein, it is clear that Freyer, as Settlor and Land Title's senior-most executive, participated in and directed the activities of Defendants' illegal enterprise.

### **JURISDICTION AND VENUE**

30. This Court has subject matter jurisdiction over the trade secret claims asserted herein under 18 U.S.C. § 1836(c) and 28 U.S.C. §§ 1331, 1367.

31. This Court also has subject matter jurisdiction over the claims brought under the Federal Computer Fraud and Abuse Act herein under 18 U.S.C. § 1030 and 28 U.S.C. §§ 1331, 1367.

32. This Court has jurisdiction over the claims brought under the Racketeering and Influencing Corrupt Organizations Act pursuant to 18 U.S.C. § 1964.

33. This Court has diversity jurisdiction pursuant to 28 U.S.C. § 1332(a)(2) in that there is complete diversity of citizenship between the parties and the amount in controversy exceeds \$75,000.00.

34. This Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367 over all other claims that do not arise under the Constitution, laws, or treaties of the United States because they involve a common nucleus of operative fact.

35. Venue is proper pursuant to 28 U.S.C. § 1391(b) because a substantial portion of the events or omissions giving rise to the claims occurred in this judicial district, and the stolen intellectual property that is the subject of this suit, is being utilized in this judicial district.

## **FACTUAL ALLEGATIONS**

### **Qualia and Its History**

36. Qualia is the country's leading real estate title closing technology company, offering a suite of products that supports all aspects of the closing process, including title production, accounting, escrow, wire fraud detection, vendor management, and underwriter management. Qualia's Resware system is used by title and escrow operators, title insurance underwriters and allows those customers to efficiently engage with their clients and constituents, including mortgage lenders, real estate attorneys and brokerages throughout the United States.

37. In 2020, refinances of homes were at a record high, and the demand for robust software to support title operations was clear. Qualia identified this need and, in December 2020, acquired Adeptive Software, Inc. ("Adeptive"), which allowed Qualia to offer an on-premises and highly customizable title production software platform called ResWare (now known as "Resware"). Qualia's goal was to continue driving digital transformation in the industry and develop Resware into a scalable, highly customizable product that could serve Qualia's wide spectrum of customers allowing them to configure complex workflows and integrate with many partners.

38. At the time of Qualia's acquisition of Adeptive, Resware was well-known in the title production software market, and had been widely used by the title and escrow industry for nearly 20 years.

39. Since its acquisition of Adeptive, Qualia has invested heavily in further developing Resware into a best-in-class, fast, efficient and scalable software system and integrating Resware into Qualia's platform. This was only made possible by the confidential and commercially valuable technical know-how that Qualia developed over decades of difficult conceptualization and engineering made possible by size, resources, customer knowledge and experience, and trial and error, scaled across numerous customers of varying size.

40. Qualia has continued to innovate and grow, solidifying its market-leading status and earning several recognitions. Among others, Qualia has received HousingWire's HW Tech 100 Award (2019, 2020, and 2024) and Best Digital Mortgage Product 2020 FinTech Breakthrough Award, and it has been recognized by Forbes Best Startup Employers (2020) and CB Insights Fintech 250 List of Fastest-Growing Fintech Startups (2020).

#### **Qualia's Master Agreement**

41. Resware is an "on premises" software solution, meaning that its users host the software on their own servers or on leased third-party servers, pursuant to Qualia's terms and conditions.

42. Resware is provided to customers only after they sign and agree to abide by Qualia's Master Agreement (the "Qualia MA"), which contains confidentiality clauses and provisions prohibiting, among other things, third party access. It states, in part, that

the **“Customer shall only access and use the Services through its Authorized Users using valid access credentials assigned to that individual Authorized User,”** and prohibits, among other things, **“use [of] the Services for purposes of competitive analysis of the Services, or the development, provision, or use of a competing software service or product.”** See **Exhibit A**. The Qualia MA also contains confidentiality provisions that forbid using or sharing information about the software design. Land Title/Settlor’s own customer contracts contain the same industry-standard provisions.

43. In addition to the Qualia MA, Qualia takes steps to ensure the confidentiality and security of its intellectual property, including maintaining systems which prevent unauthorized access to data and gating and limiting administrative privileges to certain users. For example, Qualia maintains a Resware Knowledge Base that contains key information about Resware’s configuration capabilities, and access to that Knowledge Base is gated behind credentials such that only a small number of authorized users are given credentials, governed by the terms of Qualia’s MA.

### **Resware’s Innovative Architectural Design**

44. The Resware system contains a wealth of Qualia IP, including coded business logic in the Resware database. Among other innovations, the Resware system boasts a highly advanced workflow engine that allows customers to automate complex processes by composing sequences of predefined “triggers” and “actions.” These triggers and actions are not generic; they are specific, named functionalities within Resware, developed by Qualia, and represent a significant part of Qualia’s competitive advantage. The architecture of these comprehensive set of triggers and actions, the

detailed organization of numerous pieces of data and pre-populated forms to relate to each other based on a specific logic, order and flow operations, and their interlinking capabilities that work together to enable efficient title production constitute Qualia proprietary and a trade secret information.

45. The Resware system and its innovations required decades of development - first by Adeptive and then by Qualia, and involved the significant expenditure of time and resources, the ability to learn from working with hundreds of customers, trying multiple solutions, seeing what worked and did not work (and why), and landing over time on the optimal way to specifically order complex solutions to work best for customers in this space.

46. More specifically, the Resware system leverages relational databases that are structured to recognize relations among stored items of information. The ability to keep track of the large amounts of data related to millions of individual real estate transactions, and in a manner that does so while maximizing efficiency and automation, is a foundational power of Resware. Combined with Resware's actions engine, which drives the ability to trigger various tasks and workflows depending on the data in a given file, the relational database structure comprises two primary ingredients that set Resware apart in the market, and would therefore be of great value to any potential competitor.

47. The Resware system centrally stores several pieces of data, which, at a high level, can be broken into two categories. The first is **Tabular Data**, which could be compared to an Excel spreadsheet, and includes: (i) customer data, meaning details about customers such as their client lists, specific property and title information, and employee names, along with their respective roles; (ii) confidential Qualia Data, such as

Document Templates and the list of Merge Fields, which is essential to Resware's functioning and encompasses lists of variables necessary to operate in the title closing process nationally across more than 3,000 jurisdictions, as well as thousands of various system configurations and settings unique to Resware; and (iii) public data, meaning publicly available information such as lists of states and counties. The second category is **Business Logic**, which could be compared to Excel Macros, and includes: (i) Routines and Procedures, such as the business logic behind merge fields, which are specific workflows applied to the static Tabular data; and (ii) Rules and Triggers, or the set of building blocks used by routines and procedures to implement a workflow (these are comparable to Excel functions and events).

48. If the Tabular Data is like a list of ingredients (butter, milk, truffle oil, seasoning) used by Michelin-starred chefs, the Business Logic would be the actual recipes for how the dishes are constructed, in what order, how long they are cooked, and how the ingredients work together, etc. Those recipes could only be perfected after years of conceptualization, creativity, investment, trial and error, improvements, small iterations and optimizations, and feedback from all of the customers who have ever eaten at the Michelin-starred restaurant – as well as the collective experience of the chefs who conceive of and construct the dishes.

49. Building a system like Resware cannot be done in a matter of months, or even years. It requires in-depth industry knowledge and an understanding of the nuances and complexities of customers' needs. To make a system like Resware, there is a vast design space that must account for and then solve all of the potential actions and solutions to processing and closing title in more than 3000 jurisdictions nationwide in a manner that

yields the functionality – without redundancy or unnecessary overlap and repetition – that customers need. There is not just one solution for each of the many issues, nor any regulation or “best practices manual” that identifies and defines the variances and nuances of title requirements and variances across all 50 states. Resware has 20 years of nationwide experience in this domain, and has addressed and solved for thousands of requests from hundreds of customers who have bespoke and large businesses, and incorporated that knowledge and learning for small and large companies into its software system.

50. The first thing a would-be competitor would need to compete with Resware, in other words, is a nationwide understanding of the title industry and all of its nuances and permutations, as well as how companies, both large and small, operate. From there, the competitor would need to make complex design and architectural decisions about customer workflow that result in a structure that directs customers to the right process and solutions in the correct order.

51. Second, this design architecture must not only account for thousands of varying regulatory requirements across jurisdictions, but must also know, understand, and solve for all of the complex business requirements of customers who interface with third parties throughout the closing process. This includes large institutional banks, lenders, underwriters, and home builders, each of whom have their own complex and detailed mandatory processes that title companies must adhere to in order to win their business. Thus, the software design must necessarily encompass all of the business practices, pricing requirements, and third-party integrations (i.e., with lenders, homebuilders, etc.) that must be supported to meet the needs of complex enterprise customers. It is an



enormously complex endeavor to determine how to integrate all that information into a software solution that is usable by humans in a way that makes sense to them and is practical.

52. Resware's architecture and innovations (e.g. its pricing engine, integration engine and workflow actions and schema), designed and built over decades through the expenditure of substantial resources, empowers an elegant, heavily-automated software solution that creates a seamless waterfall flow of options (each in a specific sequence, with different triggers and responses) that ensures that all of the right pieces happen in the correct order to enable its users to efficiently navigate through the variances of title closing on a nationwide basis. Resware's design also allows users to seamlessly interact with integration partners throughout the title process.

53. Third, once this complex architecture is designed, the competitor would need the software expertise to turn it into working code and design a user interface that effectively allows users to access the software's functionality.

54. Resware also has to make the information in its backend systems accessible and useful to its users. The Resware user interface ("UI") is the conduit through which users of the Resware application can utilize the functionality of the Resware system. Qualia provides customers with varying levels of credentialed access to Resware – none of which Qualia ever granted Defendants authorization to possess or utilize.

55. Finally, the competitor would need an existing and broad customer base to debug and fine-tune the functionality over time, based on specific customer feedback

which varies based on jurisdictions, business needs, and the mandatory requirements and process of necessary integrated partners (i.e., banks).

56. Simply stated, even for a competitor with unlimited capitalization and resources, it would be impossible to find the design knowledge through public sources or independently develop it in the same manner as Resware. Even a team of the best software engineers working together for a decade plus, but who lack prior work experience at Resware, would have no idea how to architect (or code) a similar title closing product because they would lack both the required domain knowledge described above and a multi-decade history of customer feedback, experience, and needs across these jurisdictions. For these reasons, the competitor would be destined to stumble into a buggy, failed, “tangled spaghetti” software whose flow for the customer would be redundant, incomplete, incorrect, piecemeal, cumbersome, frustrating and ultimately useless to compete against Resware.

57. This is precisely the reason why Defendants, underfunded and in a rush to steal Qualia’s customers during a specific time window as explained below, engaged in the illegal acts set forth in this Complaint. By gaining instant access to Resware’s complete architecture and coding, Defendants bypassed the near-impossible design process and enormous resource investment required to lawfully develop a competing product. This illicit access to Resware shaved off the decades required to independently and lawfully figure it out through trial and error and painstaking research that can only be done by winning customers in each new market and addressing the inevitable novel issues they, and their integration partners, confront when using automated software solutions.

58. It's no coincidence that Land Title/Settlor began its campaign to compete unlawfully with Qualia by recruiting Resware's Head of Product, Defendant Myers, before moving on to hiring Qualia's Lead Software Engineer, Defendant Daisley.

**Defendants Myers's and Daisley's Employment with Qualia**

59. When Qualia acquired Adeptive in December 2020, it made employment offers to many of Adeptive's employees, including Myers and Daisley, whom Qualia hired as Product Manager and Lead Software Engineer for Resware, respectively.

60. Prior to working at Qualia, Myers worked at Adeptive for nearly ten years, first as a business analyst and then as a product manager for Resware.

61. Until Myers's departure from Qualia on May 26, 2023, she was extensively involved in Qualia's efforts to adapt and optimize Resware into a scalable software, including developing the improvements made for the Resware 10 launch.<sup>2</sup>

62. Until Daisley's departure from Qualia on September 5, 2023, he was involved in Qualia's efforts to adapt Resware into a highly customizable, scalable software and to integrate Resware into Qualia's platform.

63. Pursuant to their employment with Qualia, Myers and Daisley had access to Qualia's confidential and trade secret information, including, but not limited to, Qualia's plans to turn Resware into a scalable software and to integrate Resware into Qualia's platform; the system architecture; the system functions; key customer contacts; lists of actual and potential customers; specifications of future product features; customer experience and feedback data; customer usage data; research regarding new upgrades and features; historic and planned customer pricing methodologies; market research and

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<sup>2</sup> On April 4, 2023, Qualia announced the release of Resware 10, which included hundreds of enhancements, features, and fixes aimed at delivering the highest-quality user experience.

data; product roadmap documentation; internal performance metrics; and customer facing documentation.

64. Myers and Daisley were also familiar with Qualia's contracts with its Resware customers, which, among other things, prohibit customers from allowing third parties to access Resware.

65. As a condition of their employment with Qualia and in order to access Qualia's confidential information necessary to perform their job functions, Myers and Daisley were required to sign Qualia's Employee Proprietary Information and Invention Assignment Agreement ("EPIIA"), which, among other things, prohibited them from using or sharing Qualia's confidential information in any unauthorized fashion or for any purpose other than Qualia's benefit. See **Exhibits B and C**.

66. Pursuant to the EPIIA (and Myers's subsequent Separation Agreement), upon termination, Myers and Daisley were required to return all of Qualia's documents and materials, apparatus, equipment and other physical property, or any reproduction of such property.

67. Pursuant to the EPIIA, Myers and Daisley agreed that at all times, both during and after their employment, they would keep in confidence and not use or disclose to any third party any of Qualia's confidential or trade secret information, or anything related to such information.

68. As of their last date of employment with Qualia, Qualia revoked Myers's and Daisley's authorization to access Qualia's systems, software, trade secrets, or other confidential or proprietary information.

69. After accepting employment with Settlor/ Land Title, Myers signed a separation agreement (the “Separation Agreement”) with Qualia on May 19, 2023. See **Exhibit D**.

70. Pursuant to the Separation Agreement, Myers was required to certify that she had and would continue to comply with her EPIIA, had returned all company data and documents, and would maintain the confidentiality of Qualia’s valuable competitive information after her employment was terminated.

71. Myers falsely certified that she met these obligations when, in reality, she knew she was in possession of substantial quantities of Qualia data that she had taken in violation of Qualia policies (and the law) with the intention of using for her and the other Defendants’ benefit.

#### **Land Title and its Alter Ego Settlor**

72. Historically, Land Title used its own title production software rather than an off-the-shelf solution.

73. After Qualia acquired Adeptive, Land Title decided to create a commercial title production software to compete with Resware in an effort to prevent Qualia from entering the Colorado real estate software market.

74. In or around 2021, Land Title attempted to release an early version of its title production software into the market through its spin-off company and alter ego, Settlor.

75. Settlor’s product was not successful or well-regarded. Land Title (Settlor’s “founding customer”) was the largest revenue-generating customer, and one of only a very few.

76. The real estate closing software market is extremely challenging to enter. Development of competitive software takes significant time and resources. In addition, new customer acquisition is challenging because onboarding customers is costly and can often take up to two years, so customers tend to be hesitant to change their software provider.

77. Land Title/Settlor was aware that many of Qualia's customer agreements were due to be renegotiated or updated in the near future, and also knew that these agreements tend to have multi-year terms. In other words, the window to lure customers away from Qualia was relatively short, and Land Title/Settlor needed to move quickly.

78. Rather than use fair and lawful means to take the time and resources to develop a competitive title production software and acquire customers, Freyer poached specific Qualia employees with deep knowledge of non-public and competitively valuable information concerning Qualia's business, Qualia's Resware software, and Resware's customers and users. He then presided over and participated in Defendants' theft and use of that information to quickly and cheaply develop a cloned version of Resware to compete unfairly with Qualia.

#### **Defendants' Multi-Pronged Enterprise to Steal and Use Qualia's Trade Secret and Confidential Information**

79. Beginning in early 2023 and continuing through today, Freyer and the other Defendants executed an extensive plan comprised of at least four distinct illegal schemes designed to poach Qualia's employees, interfere with Qualia's customer relationships, and steal and use Qualia's proprietary, confidential, and trade secret information in any way possible. For this, they needed two essential items: (i) the technical blueprints for Resware's architecture and functionality and (ii) the right former Qualia employees who

had the necessary knowledge of how to illegally acquire the Resware trade secrets and interpret them:

- (i) First, Freyer and Settlor/Land Title targeted specific Qualia employees to leave Qualia for Settlor and share their insider knowledge of Resware (“**Recruitment Scheme**”);
- (ii) Second, after she was successfully recruited, Myers stole proprietary and trade secret data from Qualia and shared it with Settlor/Land Title (“**Myers Insider Theft Scheme**”);
- (iii) Third, after Daisley was successfully recruited, he and the other Defendants hacked into Resware and obtained and then used technical trade secret and confidential information (“**Unauthorized Hacking Scheme**”); and
- (iv) Fourth, Daisley, in concert with the Defendants, then wrote scripts designed to be secretly run in Resware’s system to extract specific confidential and competitively valuable data and information, and Defendants caused those scripts to be run, and then used the extracted and stolen Qualia confidential information to build Settlor’s competing software product (“**Unauthorized Export Scheme**”).

Freyer, as the most senior executive of Settlor and Land Title, along with Patterson (also a Land Title executive and co-founder of Settlor) were both aware of and directed these activities, and all Defendants agreed to engage in the conduct alleged herein.

80. Defendants also went to great lengths to obfuscate their illegal enterprise and to ensure their conduct could continue. This included Freyer instructing Myers not to read an evidence preservation request sent by Qualia before this lawsuit was filed, and

Myers subsequently deleting evidence of her theft – hundreds of documents she stole from Qualia - within hours of receiving Qualia's evidence preservation request. Defendants have continued their efforts to prevent Qualia from understanding the full scope of their unlawful enterprise by improperly withholding crucial evidence from Qualia. Defendants' illegal enterprise, which is ongoing as Defendants continue to actively develop and market its tainted software product, has resulted in substantial harm to Qualia's and damaged Qualia's relationships with its customers.

#### **i. The Recruitment Scheme**

81. The first prong of the unlawful enterprise began in at least February 2023 and ran through at least November 2023, during which time Settlor, Land Title, Freyer, and Patterson sought to recruit Myers and Daisley for the purpose of acquiring their inside knowledge of Resware and Qualia's customers.

82. Defendants knew they needed both illicit access to the proverbial technical architectural blue prints that sit behind Resware Administrative Access, and someone who understood it, like Myers (the former product lead for Resware) and Daisley (the former Lead Software Engineer for Resware). Without both illicit access to Resware and these key individuals that understood the embedded business logic (i.e., triggers, timing, configuration, flow, functionality), and knew what to look for, where, and how to interpret and use it in Settlor's product, there was no hope that Settlor could compete with Qualia.

83. In February 2023, knowing that Settlor/Land Title had no hope of fairly competing with Qualia without somehow obtaining Qualia's trade secret information, Freyer began targeting Myers to come work at Settlor as a product manager. By May 11, 2023, Myers had interviewed for and accepted an offer from Settlor.



84. Freyer targeted Myers because, as the Resware Manager of Product who owned the product department function and operations, and led a team of product managers, she had extensive non-public knowledge of Resware's functionality and Qualia's customers and business strategies, and she was also openly antagonistic towards Qualia following the acquisition of Adeptive.

85. Even while Myers was interviewing for the position at Settlor, she was beginning to steal Qualia's trade secrets (as described in more detail below), and was also planning to help Settlor target Daisley.

86. Beginning in at least August 2023, Defendants started poaching Daisley, knowing that a former Resware Lead Software Engineer would be essential to Defendants' efforts to misappropriate and use Qualia's trade secret information.

87. Daisley joined Settlor in September 2023.

88. Settlor then advertised to potential customers "we are very fortunate to have two former ResWare employees on our team who have been able to extract information from the database."

## **ii. The Myers Insider Theft Scheme**

89. From when Myers began interviewing with Settlor in February 2023, and, on information and belief, through present, Defendants engaged in a scheme to leverage and use Myers's knowledge and possession of confidential Qualia information to benefit Defendants and harm Qualia.

90. Prior to her separation date from Qualia, Myers saved confidential and proprietary Qualia files to her personal Google account, and sent herself many files

containing confidential and sensitive information that was competitively valuable and would be critical for Settlor to unfairly compete with Qualia.

91. Myers targeted and took files containing the specific confidential data she could utilize in her new position and that Land Title/Settlor could use to compete with Qualia, including key contacts; specifications of future product features; market data and research; product roadmap documentation; customer information and customer-facing documentation; pricing data; technical product information; and other confidential and commercially valuable business data.

92. In addition to the files she had physically taken, Myers had also memorized confidential and trade secret information, which she and the other Defendants used in violation of her contractual obligations to Qualia and in violation of the law.

93. Myers was well aware that Settlor didn't have the ability to compete with Resware when she started work there. In early June 2023, she texted a Qualia employee to say that Settlor's software was "not at all customizable," meaning it lacked the key feature that made Resware so successful (and was one of many features and functionality that Settlor and Land Title desperately needed to replicate).

94. In July 2023, Myers emailed a Qualia customer, whom Settlor was trying to poach, and wrote that Defendants were "finalizing plans for building a customizable workflow builder/engine in Settlor." This is a key admission that as of the time Myers was hired by Defendants, Defendants did not have any ability to offer then-current Qualia customers a feature Defendants knew, based on their use of confidential Qualia information, such customers would demand before agreeing to ever switch to whatever product Defendants might ultimately build.

95. In the early stages of their illegal enterprise, Defendants were brazen in their scheme to use Myers's inside knowledge of Resware to steal Qualia's intellectual property. Defendants held regular meetings that were titled "Resware Lunch and Learn," for the explicit purpose of having Myers share Qualia's confidential and trade secret information to help Defendants illegally build their competing product and steal Qualia customers.

96. Within weeks of starting work at Settlor, as evidenced by recently produced documents, Myers was sharing Qualia's sensitive, confidential, and trade secret information with her new employer.

97. For example, during her first month, Myers emailed Freyer for the explicit purpose of **"shar[ing] some of the [confidential] history that Resware and Qualia has had [sic]" with underwriter integrations.** Myers provided details for him on how Qualia evolved its business model and relationships in connection with underwriter integrations. Myers proceeded to share with Freyer and the other Defendants detailed, historic and strategic knowledge accumulated by Adeptive and Qualia about Resware's integrations with specific, named partners and how Settlor could do likewise. Around the same time, on June 2, 2023, Myers sent a text message to a Qualia employee, asking **"Does RW have a bank integration with Intrust?"**. Again, Myers knew the answer to her question was confidential data that was wholly inappropriate for her to request, let alone share with Settlor. She subsequently received and used this Qualia confidential information for Settlor's benefit.

98. Freyer was also well-aware that Myers was unlawfully sharing Qualia's trade secret information with him, yet he did nothing to stop it. Instead, he actively sought

Qualia confidential information from his new hired employee and continued to participate in and oversee the Defendants' enterprise, and – as discussed in more detail below – actively tried to prevent Qualia from learning about Defendants' conduct, so that the enterprise could continue stealing from Qualia undetected.

99. Myers went on to share Qualia's trade secret data freely over the course of her employment with Settlor/Land Title, with the full support and participation of Freyer and the other Defendants, and, upon information and belief, she continues to share this information today, including (but not limited to):

- Information about Resware's industry leading action engine, which as explained above, is a key part of its functionality and is highly confidential; it is well known that Resware's action engine uniquely allows customers to automate and customize workflows to a greater extent than any other software in the industry;
- Details about which Resware features were most heavily used by customers, which is valuable business intelligence that Qualia accumulated over many years; and
- The process for handling buyer and seller endorsements in Resware, a trade secret and confidential aspect of how the software solves customer problems.

100. All of this is Qualia's trade secret information, which would be extremely useful to a competitor trying to build a software to rival Resware, and which Myers shared in explicit and knowing violation of her contractual obligations to Qualia.

101. Myers was aware that the information she was regularly sharing with Settlor was Qualia’s confidential trade secret data. For example, in connection with seeking out such information from a Qualia customer, the customer asked her if she wanted their “sample action lists” from Resware. Myers responded “I’m not even looking for that much information, **but I wouldn’t say no to it!**” Knowing which of the many thousands of “actions” embedded in Resware that this customer utilized allowed Defendants to obtain critical confidential Qualia business logic that they used to build Settlor’s competing product.

102. On another occasion, Myers asked a current Qualia employee “how do I do it **and stay away from the whole stealing IP thing**,” referring to incorporating technical feedback from a Qualia customer into Settlor’s product. The current Qualia employee then coached her “never say action” (referring to Qualia’s use of “action” or “action engine” as a technical term of art for various Qualia trade secrets developed over time and at great expense), to which she replied “TRUTH.” She also bragged, “**Whatever death blow Qualia hasn’t dealt Resware, I’m afraid I will.**”

### iii. The Unauthorized Hacking Scheme

103. Beginning when Daisley was hired by Settlor/Land Title in October 2023 and through at least February 2024, Defendants engaged in yet another scheme to steal and use Qualia’s confidential and trade secret information--this time by hacking into protected computers running Qualia’s software with the assistance of rogue Qualia customers.

104. Upon information and belief, including the fact that Resware is used to facilitate real estate closings nationwide, all of Resware’s users, including Customer 1,

use the product to conduct business in multiple states. The servers that house and run the Resware software, and the computers used to access it, are all used in, and affect, interstate commerce.

105. After Daisley was hired by Settlor in furtherance of the enterprise, Defendants, not content with the confidential and trade secret information Myers was unlawfully sharing with them, conspired to engage in another scheme to acquire and use Qualia's proprietary, confidential, and trade secret data, this time by breaching Qualia's security protocols and using fraudulently obtained credentials to illicitly obtain Qualia trade secrets – all in violation of third-party contractual terms Defendants were aware of and in violation of the Computer Fraud and Abuse Act.

106. Defendants understood that without secretly and illegally accessing the Resware system, there was no way Defendants, with their limited resources, operating history and customer base, could independently and lawfully design and develop software equivalent to Resware. Rather, they knew they would have to steal it by illegally accessing it and plumbing it, and have Myers and Daisley lead the internal teams at Settlor/Land Title and explain to them what to look for, where it was stored, what it meant, and how to incorporate it into Defendants' tainted competing software.

107. As described below, Defendants fraudulently and secretly obtained credentials for Resware, which they knew at the time Qualia would never give to a competitor, for the purpose of accessing the Resware System. Defendants then secretly, and in a way Qualia could not detect, used the ill-begotten credentials for the protected Resware system to gain unfettered access to Resware's most valuable and confidential functionality. Defendants engaged in this premeditated scheme in a manner that was

specifically designed to discover technical trade secrets of Resware. They then utilized the Qualia know-how they stole to build their competing software.

108. As one example, once Myers and Daisley were employed by Defendants, Defendants leveraged Myers's and Daisley's relationships with at least one disgruntled then-current Qualia customer ("Customer 1") to gain unlawful and unauthorized access to Customer 1's Resware system.

109. As Settlor was courting Customer 1 to leave Qualia and switch from Resware to Settlor's competing product that Settlor was in the process of building through the use of stolen Qualia trade secrets, Settlor asked Customer 1 if they could use the customer's Resware Administrative Access to pull information and documents from Resware -- purportedly to migrate this information over and test it on Settlor's under-construction competing product.

110. If Defendants and the disgruntled then-current Qualia customer were being honest and acting lawfully, and assuming such action would have been consistent with Qualia's MA with its customers (it was not), there were simple technical ways Defendants could have worked with the customer to port over purely historical Customer Data. For example, the disgruntled Qualia customer could have simply set up Defendants with their own access credentials and restricted Defendants' access to its Customer Data. Defendants knew this was true, but did not request restricted access to only Customer Data.

111. To the contrary, Defendants' goal was to sneak into their main competitor's software -- something they could never do openly and lawfully -- and go right to the confidential guts of the technical functionality that Daisley and Myers knew, solely from

having worked on product design and engineering for years while employed by Qualia, was located in the Resware system, and accessible only with user credentials. As noted, Resware's architecture in this regard (e.g., functionality like actions and triggers are coded, in what sequence and in relation to other actions and triggers, etc.) is not public and is competitively valuable. Nor could it be independently known or reverse engineered by product designers and coders who had never worked for Qualia – or solely by obtaining Customer Data alone. Defendants took their actions so that they could steal the Qualia know-how necessary to quickly build their competing software and steal Qualia customers.

112. Defendants knew that what they planned to do – use a Qualia customer's Resware credentials to steal trade secrets from Resware's software -- was illegal and a violation of Customer 1's contract with Qualia. So first, Defendants tried to directly break into Resware via a Qualia administrative password that Myers had surreptitiously memorized from her years of employment with Qualia.

113. Myers told the other Defendants "[Customer 1] probably won't create a user for us, but I know the admin password unless Qualia made someone change it."

114. So months after Myers's resignation from Qualia, and Qualia's revocation of her access to Qualia credentials and systems, she reached out to a current Qualia employee and asked him to provide her with and confirm the accuracy of the Qualia admin password she planned to use to hack into Resware. After the current Qualia employee confirmed the password for her, she then attempted to use it to break into Customer 1's instance of the Resware system. With regard to using the Qualia password to hack into Resware, Myers then reported back to Defendants that she was unsuccessful because



the Qualia password “didn’t work” for Customer 1. Qualia is informed and believes, and thereupon alleges, that Defendants used the Qualia password to gain access to Resware.

115. Undeterred in their desire to hack into Resware, Defendants, via Daisley, then followed up with Customer 1 requesting a **“good admin user I can use within Resware to view configuration for things like liens, easements, partners, custom fields, etc.”**? This information about specific configurations constitutes Qualia confidential and competitively valuable information, as does the business logic embedded in such data. Customer 1 granted access to Daisley, which he maintained for several months and used to illegally misappropriate Qualia trade secret and proprietary information.

116. Patterson was heavily involved in the Unauthorized Hacking Scheme, asking Customer 1 for access to the Resware system, and specifically asking Customer 1 **“are you ok with us pulling templates and/or documents”**? The templates included embedded Qualia confidential and valuable proprietary and trade secret information.

117. Separately, Myers contacted Customer 1, whom Daisley and Myers knew from their time at Qualia was disgruntled with Qualia, and directly requested that this then-current Qualia customer secretly provide Defendants with the customer’s own “admin” credentials to their Resware instance, for unauthorized access to perform competitive analysis and misappropriate Qualia proprietary and trade secret data:

**“[T]he Settlor folks have asked for a Resware demo so they can better understand references and requests related to how things work in RW [Resware] compared to Settlor, like how [Customer 1][through Resware’s**

functionality] is able to create a draft commitment and automatically sign it after it's been reviewed."

She then asked: "Would you mind if I used your environment for this?...I'd likely want to create a test file, but I'd use test client, cancel it immediately **so it won't show in any action lists, and wouldn't send any emails.**" In other words, Defendants promised not to leave any evidentiary trail that would ever show they hacked in and what they actually did while they were inside Resware.

118. As pled above, the aspects of the Resware system that Defendants targeted and misappropriated -- e.g., "references," "requests," "action lists" and "configurations" -- constitute the key trade secret and proprietary information that form the building blocks of Resware's proprietary action engine. Together they power some of the main functionality of Resware. It is the sum of these building blocks, and how they inter-relate and work together, that constitutes one of Resware's core innovations and differentiators.

119. The information that Myers unlawfully shared embodies the conditional logic, domain understanding, customer preferences across national jurisdictions, etc., which is expressed by Qualia as "what specific action efficiently triggers which result(s) in what order and in relation to other triggers." This allows the Resware software to engineer and enable automated processes for title closings across more than 3000 jurisdictions nationwide, while seamlessly complying with integration partner requirements as described in detail above. By implication, it also encapsulates Qualia's "lessons learned", i.e., what Resware design engineers decided was not important, learned through trial and error would not work, and/or were less desirable architect

decisions gleaned over two decades, hundreds of customers and substantial time and expense.

120. For example, in a text thread produced by Myers in this case, a current Qualia employee informed Myers that some of the prior design decisions made by Qualia in Resware “painted it into a corner.” Myers responded by stating that she hoped that Settlor could avoid this, which prompted the Qualia employee to tell her what the specific design decisions were and provide some examples in terms of data and modernization. Through this and other actions, Defendants found ways to obtain lessons learned (i.e., negative knowledge) multiple times faster than it would take to gradually expand, iterate, and engage in trial and error as Resware architects did for nearly two decades.

121. If Defendants knew how to lawfully understand, architect, configure and build these references, requests, workflows, triggers etc., in a way that they cascaded through an elegant user flow for the customer while accounting for all of the variances that come with title closing requirements in more than 3000 jurisdictions nationwide and those of integrated partners, then they wouldn’t have needed to steal Resware’s know-how. But for the reasons stated above, they could not lawfully and independently do so.

122. The Qualia credentials gave Defendants illegal access to Resware’s trade secret and proprietary information far beyond the basic historical Customer Data that might be needed to eventually migrate Customer 1 from Qualia’s Resware to the competing software Settlor was trying to build. And by their own admission, as explained above, Defendants were intent on learning the exact technical functions and architecture of Resware, embodied in proprietary references, requests, triggers and configurations, etc. i.e., “how things work in RW [Resware]”. “How” Resware works is based in large part

on relational database tables embedded in the software that customers do not see or understand.

123. And as pled above, it's not just Defendants' illicit access and hacking into the Resware Database that was at issue. Defendants also accessed, screenshotted, and ran tests on Resware's UI, which was invaluable to their ability to use Resware to set up test files and run end-to-end scenarios to see exactly how the Resware product functions in different cases. Defendants then used that confidential Qualia proprietary information, and their learning from it, to build Settlor's competing product.

124. In fact, but for Myers's and Daisley's knowledge from working at Qualia, Settlor would have no ability to understand the technical functions of Resware and how Resware architected the precise solutions Defendants illicitly hacked into and obtained.

125. By hacking into Resware in this manner, Defendants were able to see not only Resware's configurations, but also code and Business Logic in the Resware databases, as well as the UI that includes explanations of how Resware enables certain actions and behaviors. Thus, in September 2023, a Settlor employee emailed Customer 1 about Defendants Patterson, Myers, and Daisley – the core team responsible for designing and building Settlor's competing software, under Freyer's direction – accessing the Resware system so that they could plumb the business logic and information in the relationship database architecture:

“Here are the forms for our three team members! Mike [Patterson], Krista [Myers], and Matt [Daisley]. **We want to make sure that this is access to the actual database and not just the ResWare application**, so I added a note on the form!...”

126. This software architecture was not publicly known nor available to competitors, which is why Defendants had to use illicit hacking to steal these trade secrets which were invaluable to a competitor who had two former Qualia/Resware employees (Defendants Daisley and Myers) available to interpret and explain Resware's architecture and design to those within Settlor tasked with quickly cloning Resware's core functionality.

127. Defendants actively hacked Resware through at least February 2024. For example, Daisley bragged that his coworker **"was able to pull data from Resware"** and that they can get started putting the data into Settlor. Similarly, in internal Settlor Slack messages, Daisley asked Patterson if Daisley could use Defendants' stolen Resware Administrative Credentials to **"pull anything we can get our hands on,"** to which Patterson replied that they should **"pull away."**

128. This hacking activity resulted in Qualia's loss of valuable proprietary and confidential data, the value of which lies partially in its exclusive possession by Qualia, and also caused Qualia to lose current and future customers. Qualia has also incurred significant losses investigation this unauthorized access to its systems and software, which Defendants went to great lengths to conceal. .

129. Then, as discussed in more detail below, Defendants leveraged their hacking of Resware and insider knowledge of Resware to write code designed to export Resware data, in furtherance of yet another scheme to steal Qualia's intellectual property.

#### **iv. The Unauthorized Export Scheme**

130. Almost immediately after they launched the Unauthorized Hacking Scheme, Defendants embarked on another venture to steal Qualia's intellectual property, this time by writing computer code to export confidential and trade secret information from

Resware system. Because he had unauthorized admin access to Resware's database by virtue of the Hacking Scheme, Defendant Daisley was able to write scripts that targeted exactly the parts of the database that contained Qualia's most valuable trade secret information. On information and belief, this conduct is ongoing through the present.

131. Within weeks of illegally hacking Customer 1's Resware database, Daisley was working on a document titled "Resware Data Export" and sharing it with the other Defendants.

132. The document consists of a series of scripts, written by Daisley between at least October 2023 and February 2024, designed to be run in a Qualia customer's Resware environment and extract Resware's technical trade secrets so Settlor could use them to replicate Resware's functionality. The document also includes detailed descriptions of what different labels and categories mean in Resware and the way certain functions work. These descriptions, and the ability to write scripts to extract Resware trade secrets, were only possible because of Daisley's and Myers's inside knowledge of Qualia's confidential and trade secret information.

133. Defendants instructed then-current Qualia customers, who had gone rogue, to, in blatant violation of their contractual agreements with Qualia, run these scripts in their Resware environments and share the resulting exported data with Defendants.

134. Defendants designed the Resware Data Export scripts to specifically extract Qualia trade secrets.

135. The scripts also reveal information about the digital assets that comprise Resware's proprietary architecture, which reflects years of development and allowed for

Defendants' misappropriation of the Tabular Data and Business Logic explained above, including:

- a. the relational architecture within the database tables, which determines how data is captured, managed, shared/linked to other tables, maintained, and surfaced accurately through the software;
- b. the ID's of other database tables that are linked to the one that specific queries are run against, a critical component of the proprietary Resware database architecture and business logic;
- c. how Resware database tables catalog and associate templates and documents and powers its document-creation features, which are critical functions in title production; and
- d. triggers, business rules, settings, access control, templates, functions, queries, stored procedures and related functionality.

136. Defendants, including Myers and Daisley, knew these digital assets existed, their value, where they are located, and how to misappropriate them. There was no legitimate or legal reason Defendants needed to run these scripts that exfiltrated information about Resware's relational database tables and business logic.

137. As another example, the document Daisley created for Defendants contains commands and scripts specifically designed to plumb Resware's trade secret functionality, including to:

- a. Return all custom fields in the system;
- b. Show where the custom fields are used, and order them by frequency of use;

- c. Show all the conditional fields in the system;
- d. Show the logic of the conditional fields; and
- e. Return all components that make up Resware's conditional field logic.

138. These “fields” inside Resware are used to complete title closing documents in specific orders and flows. Resware contains several thousand possible custom and merge fields. Some are straightforward, like a field that inserts a user's first and last name on a certification. Others are very complex, containing calculations and logic that are highly dependent on other values and settings in the system.

139. The calculations and logic behind these fields by Qualia were developed over decades of trial and error, working across many types of customers to see what met their needs. This information, which was targeted by Defendants' scripts, is highly confidential and trade secret data that Qualia guards closely.

140. Even worse, one of the scripts specifically returns information about which fields are used most frequently by a customer. This information has nothing to do with extracting Customer Data, but allowed Defendants -- who were never authorized to access Resware -- to reverse engineer the system by revealing the most valuable pieces of software functionality they would need to replicate to achieve near-parity with Resware and to convince Resware customers to shift to Settlor. And, because Defendants shared their Resware Data Export scripts with several Qualia customers, they were able to see variations across those customers' usage; this is precisely the type of confidential business intelligence that enabled Qualia to grow Resware into the highly customizable tool that it is today.



141. Here too, as with Defendants' other actions, there would be no reason to run these scripts if the only purpose was extracting Customer Data. These scripts, by design, exported key trade secrets embedded in Qualia's software, as well as Market insights about Resware's most popular features, that had nothing to do with any historical closing data inputted by the rogue customers at issue.

142. Defendants knew that this confidential and competitively valuable Qualia information could not be obtained through legitimate means, nor could it be independently developed by Land Title/Settlor (who lacked the resources, know-how, and decades of customer experience required).

143. Defendants were well aware that their secret hacking of Resware was illegal, because among other things, Defendants' own customer contracts prohibit this exact type of hacking of Settlor's own products.

144. Myers and Daisley were also aware that their hacking of Resware violated the terms of their own confidentiality agreements with Qualia, as well as Qualia's contracts with its customers.

145. In short, Defendants went from not yet building a system that was customizable at the time of Myers's hire (a fact she admitted in contemporaneous emails to then-current Qualia customers Settlor was prospecting), to quickly building a system in less than year that they subsequently represented to Qualia customers, and the public at large on their website, was equivalent in functionality to Resware. It is now clear, thanks to discovery in this lawsuit, that it was Defendants' use of stolen Qualia trade secrets and proprietary know-how, including Resware's "most popular" features, that helped them build a cloned version of Resware. Had Defendants never had access to Resware's

functionality they illegally obtained in the manners pled herein, then they would never have known what to focus on and illegally use for the express purpose of competing against Qualia.

146. The Unauthorized Export Scheme, like the Hacking Scheme, caused Qualia to lose valuable trade secret and proprietary data and lose customers. Qualia also incurred significant losses investigating the Defendant's illegal running of scripts in Qualia's Resware environments.

### **Defendants Try to Conceal their Unlawful Enterprise**

147. While Defendants did not think their actions would ever be discovered, they eventually became concerned and have consistently gone to great lengths to conceal their illegal enterprise.

148. Following Myers's departure and upon learning that Myers had begun working at Settlor, Qualia became concerned that Myers was using Qualia's trade secret and confidential information.

149. On September 1, 2023, Qualia sent Myers a letter ("September Letter") reminding her of her agreement to keep Qualia's confidential information and trade secrets private and to refrain from disclosing such information:

[W]e would like to take this opportunity to remind you of your continuing obligations as set forth in the employee confidential information agreement which you signed when you first joined Qualia. These obligations include, but are not limited to, the obligation to refrain from any unauthorized use or disclosure of any confidential or proprietary information of Qualia. In addition, these obligations are reinforced by the Separation Agreement you signed with Qualia on May 19, 2023. In addition, we are repeating a message we delivered to you before you left Qualia - Qualia intends to support Resware for the long term and has no plans to sunset the product. Accordingly, we respectfully request that you refrain from telling Qualia employees or Qualia customers that Qualia is

not committed to supporting Resware for the long term. Please also avoid any conduct that improperly interferes with our economic relationships with Qualia employees and Qualia customers. (**Exhibit E**).

150. By that time, Myers had uploaded stolen Qualia information and documents onto her own computer, as well as Land Title/Settlor's computer systems, and was using the information in the course of her work for Settlor.

151. Yet, rather than admit her data theft and illegal use of the Qualia trade secret information and make efforts to cease her unlawful conduct and return what she stole, Myers ignored the September Letter and continued engaging, along with Defendants, in the illegal acts pled in this Complaint.

152. By the end of November 2023, Qualia had performed forensics on Myers' use of Qualia computer systems prior to her resignation, which showed that prior to her resignation, Myers misappropriated files containing trade secrets, confidential information, and other Qualia data.<sup>3</sup>

153. Unaware of the scope and breadth of Defendants' illegal acts, Qualia attempted to resolve this matter, which it believed at the time to be limited to Defendants theft and usage of data contained in the files Myers stole from Qualia upon her exit, without resorting to litigation.

154. On December 1, 2023, Qualia sent Myers and Freyer (in Freyer's capacity as the senior-most executive for Settlor and Land Title) a letter that explicitly demanded, among other things, immediate and unconditional disclosure and return of Qualia data via forensic procedures, and cautioned Myers, Settlor, and Land Title to preserve—and not

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<sup>3</sup> However, at this time Qualia was unaware – and could not have known or discovered – the hacking by Defendants into computers hosting Resware and subsequent misappropriation of Qualia trade secrets and incorporation into Defendants' software product then being built.

delete or alter—all evidence including the stolen Qualia data (the “December 2023 Letter”). The December 2023 letter sent by Qualia’s counsel specifically included the following admonition:

Until further notice, Ms. Myers and Settlor must preserve, and not delete, and retain all evidence relating to Qualia Labs’ including, but not limited to, all communications (including mobile messaging apps like Signal and WhatsApp), text messages, documents, tangible things, and electronic data in your possession, custody, or control, or the possession, custody, or control of your agents. For the purposes of this letter, the term “electronic data” includes, but is not limited to, text files (including word processing documents), spread sheets, e-mail files and information concerning e-mail (including logs of e-mail history and usage, header information and “deleted” files), internet history files and preferences, graphical image files (including “.JPG, .GIF, .BMP and TIFF” files), data bases, calendar and scheduling information, computer system activity logs, instant message text and all related information and/or data related, and all file fragments and backup files containing the above electronic data. (**Exhibit F**).

155. Upon receipt of Qualia’s December Letter, Freyer instructed Myers not to read the letter.

156. Nevertheless, in a further attempt to obfuscate Defendants’ unlawful conduct, Myers, a senior Land Title/Settlor executive, did exactly what the December 2023 Letter instructed her and Land Title/Settlor not to do: she permanently deleted off of her own devices, and Land Title/Settlor’s systems, all of the Qualia data she had stolen from Qualia upon her resignation and uploaded months earlier.

157. This evidence destruction, much of it permanent, was specifically designed to destroy evidence harmful to Defendants, including metadata, that would demonstrate precisely when and how Defendants accessed, shared and otherwise disseminated the stolen Qualia files that Myers had delivered and uploaded months earlier to Land

Title/Settlor, and her own, systems. And it was part of a pattern of actions designed to prevent Qualia from learning the extent of Defendants' illicit conduct, which continues to this day.

158. Most recently, Settlor's January 30, 2025 document production revealed for the first time that, in addition to stealing and using Qualia's proprietary and trade secret information, Defendants (including Daisley), gained unauthorized access to computers running Qualia's software and intentionally interfered with Qualia's contractual agreements with its customers.

159. Defendants Myers and Settlor improperly designated most of their documents as AEO under the Stipulated Protective Order for the sole purpose of preventing Qualia from reviewing evidence that incriminates Defendants and supports Qualia's claims, and Myers and Settlor continue to maintain improper designations over the documents to date.

### **CONCLUSION**

160. Defendants sought to build a software that could compete with Qualia's, and knew that doing so without the benefit of Qualia's confidential business information and trade secrets would take many years – if it was even possible to do at all.

161. For two years, Defendants have been engaged in an illegal enterprise designed to steal Qualia's intellectual property and interfere with Qualia's contractual agreements with customers and employees.

162. This enterprise included poaching Qualia's key employees, insider theft of data, hacking, conspiring with Qualia's customers, and concealment and destruction of evidence.

163. Defendants' unlawful enterprise has irreparably harmed Qualia, depriving it of the exclusive possession of the intellectual property that Qualia has spent substantial resources acquiring, developing and optimizing. In addition to stealing and using Qualia's intellectual property, Defendants have interfered with Qualia's customer contracts and relationships, causing customers to violate their contractual agreements in an effort to lure them away from Qualia.

164. The extent to which Defendants have gone to steal from Qualia, and conceal their actions so as to continue their theft undetected, leaves Qualia with no choice but to seek formal legal redress through this lawsuit.

**FIRST CAUSE OF ACTION**  
**Federal Racketeer Influenced and Corrupt Organizations Act ("RICO")**  
**All Defendants**

165. The allegations in paragraphs 1 through 164 are incorporated herein by reference.

166. Settlor/Land Title is an enterprise engaged in and whose activities affect interstate commerce. All Defendants are employed by or associated with the enterprise.

167. Defendants agreed to and did conduct and participate in the conduct of the enterprise's affairs through a pattern of racketeering activity and for the unlawful purpose of stealing Qualia's intellectual property. Specifically:

168. Defendants Settlor/Land Title, Freyer, and Patterson recruited Qualia's employees with the intent to use their knowledge of Qualia's confidential information to build a competing product, in violation of their contractual agreements;

169. Defendants Meyers and Daisley shared Qualia's confidential and proprietary information with Defendants Settlor/Land Title, Freyer and Patterson on multiple occasions, in meetings and over email;

170. Defendants used Qualia's confidential information to help build a competing product;

171. Defendants obtained and used unauthorized access to protected computers housing Qualia intellectual property;

172. Defendants wrote scripts designed to extract Qualia intellectual property from customer Resware databases;

173. Defendants solicited Qualia customers to run those scripts; and

174. Defendants deleted and hid from Qualia evidence of this unlawful conduct.

175. Pursuant to and in furtherance of their scheme, Defendants committed multiple related acts of trade secret theft, in violation of the Defend Trade Secrets Act, and hacking, in violation of the Computer Fraud and Abuse Act.

176. The acts set forth above constitute a pattern of racketeering activity pursuant to 18 U.S.C. § 1962(c).

177. As a direct and proximate result of Defendants' racketeering activities and violations of 18 U.S.C. § 1962(c), Qualia has been injured in its business and property in that it has lost and risks losing customers, it has lost and continues to lose the exclusive possession of its own intellectual property, and it has lost and continues to lose resources as a result of the need to remediate the breach of its software and theft of its data.

**SECOND CAUSE OF ACTION**  
**Federal Racketeer Influenced and Corrupt Organizations Act (“RICO”)**  
**Conspiracy**  
**All Defendants**

178. The allegations of paragraphs 1 through 177 are incorporated herein by reference.

179. As set forth above, Defendants agreed and conspired to violate 18 U.S.C. § 1962(c). Specifically:

180. Defendants Settlor/Land Title, Freyer, Patterson, and Myers agreed to have Myers share with Settlor/Land Title and Freyer confidential and trade secret information she had taken and memorized from Qualia;

181. Defendants agreed to have Defendant Daisley request and obtain unauthorized access to Qualia’s software and use that access to obtain Qualia’s confidential and trade secret data;

182. Defendants agreed to have Defendant Daisley write scripts to extract Qualia intellectual property from customer Resware databases; and

183. Defendants agreed to solicit Qualia customers to run those scripts.

184. Defendants have intentionally conspired and agreed to conduct and participate in the conduct of the affairs of the enterprise through a pattern of racketeering activity. Defendants knew that their predicate acts were a part of a pattern of racketeering activity and agreed to the commission of those acts to further the schemes described above. That conduct constitutes a conspiracy to violate U.S.C. § 1962(c), in violation of U.S.C. § 1962(d).

185. As a direct and proximate result of the Defendants’ conspiracy, the overt acts taken in furtherance of that conspiracy, and violations of U.S.C. § 1962(d), Qualia



has been injured in its business and property in that it has lost and risks losing customers, it has lost and continues to lose the exclusive possession of its own intellectual property, and it has lost and continues to lose resources as a result of the need to remediate the breach of its software and theft of its data.

**THIRD CAUSE OF ACTION**  
**Colorado Organized Crime Control Act (“COCC”), § 18-17-101, C.R.S.**  
**All Defendants**

186. The allegations in paragraphs 1 through 185 are incorporated herein by reference.

187. Settlor/Land Title is an enterprise located and doing business in Colorado. All Defendants are employed by or associated with the enterprise.

188. Defendants, in the state of Colorado, agreed to and did conduct and participate in the conduct of the enterprise’s affairs through a pattern of racketeering activity as defined by COCC and for the unlawful purpose of stealing Qualia’s intellectual property. Specifically:

189. Defendants Settlor/Land Title, Freyer, and Patterson recruited Qualia’s employees with the intent to use their knowledge of Qualia’s confidential information to build a competing product, in violation of their contractual agreements;

190. Defendants Myers and Daisley shared Qualia’s confidential and proprietary information with Defendants Settlor/Land Title, Freyer, and Patterson on multiple occasions, in meetings and over email;

191. Defendants used Qualia’s confidential information to help build a competing product;

192. Defendants obtained and used unauthorized access to protected computers housing Qualia intellectual property;

193. Defendants wrote scripts designed to extract Qualia intellectual property from customer Resware databases;

194. Defendants solicited Qualia customers to run those scripts; and

195. Defendants deleted and hid from Qualia evidence of this unlawful conduct.

196. Pursuant to and in furtherance of their scheme, Defendants committed multiple related acts of trade secret theft, in violation of the Defend Trade Secrets Act, and hacking, in violation of the Computer Fraud and Abuse Act.

197. The acts set forth above constitute a pattern of racketeering activity pursuant to 18-17-103, C.R.S.

198. As a direct and proximate result of Defendants' racketeering activities and violations of COCC, Qualia has been injured in its business and property in that it has lost and risks losing customers, it has lost and continues to lose the exclusive possession of its own intellectual property, and it has lost and continues to lose resources as a result of the need to remediate the breach of its software and theft of its data.

**FOURTH CAUSE OF ACTION**  
**Violation of the Computer Fraud and Abuse Act**  
**Defendants Settlor, Land Title, Patterson, Daisley, and Myers**

199. The allegations in paragraphs 1 through 198 are incorporated herein by reference.

200. Defendants Settlor, Land Title, Patterson, Daisley, and Myers have violated the Computer Fraud and Abuse Act, 18 U.S.C., §1030, et seq. ("CFAA") by intentionally accessing one or more protected computers used in interstate commerce, without

authorization, and thereby obtaining information from those computers to be used in an unauthorized manner.

201. As alleged herein, Defendants Settlor, Land Title, Patterson, Daisley, and Myers have, without authorization, (i) obtained and used, on one or more protected computers which are used in or affect interstate commerce, the login credentials for Resware to access Resware (ii) obtained and used and/or logged in and attempted to use, on one or more protected computers which are used in or affect interstate commerce, Myers' old Qualia administrative login password to access Resware (iii) caused to be deployed on one or more protected computers, which are used in or affect interstate commerce, computer scripts that were deployed on Resware to extract trade secret and confidential information that Defendants Settlor, Land Title, Patterson, Daisley, and Myers otherwise could not access.

202. Qualia's computer systems are used in and affect interstate commerce and are "protected computers" under the CFAA, 18 U.S.C., §1030(e)(2).

203. The computers and computer systems of Qualia's customers and former customers at issue are used in and affect interstate commerce and are "protected computers" under the CFAA, 18 U.S.C., §1030(e)(2).

204. Defendants Settlor, Land Title, Patterson, Daisley, and Myers' actions as alleged violate 18 U.S.C. §§ 1030(a)(2)(C) and 1030(a)(4).

205. Qualia has never provided Defendants Land Title/Settlor, Freyer, or Patterson with any authorization to access Resware in any environment or engage in the conduct alleged.

206. Upon their termination from Qualia, and at all times referenced in this Complaint, Qualia revoked Defendants Myers's and Daisley's authorization to use Qualia login credentials and to access the Resware software or data in any environment.

207. By virtue of this intentional unauthorized access, Defendants Settlor, Land Title, Patterson, Daisley, and Myers caused loss and/or damage to Qualia in excess of \$5,000 in any one-year period, including without limitation in damages assessing and investigating these Defendants' unauthorized access to Qualia's software via its unauthorized access to protected computer systems, the loss of the value of Qualia's exclusive possession of its trade secret and proprietary data, and damage to Qualia's business reputation and current and prospective customer and partner relationships.

208. Qualia continues to incur additional fees and costs in prosecuting its rights herein.

209. Qualia is entitled to an award of damages under the CFAA, as well as injunctive and equitable relief against Defendants Settlor, Land Title, Patterson, Daisley, and Myers.

**FIFTH CAUSE OF ACTION**  
**Misappropriation of Trade Secrets Under the Defend Trade Secrets Act**  
**("DTSA")**  
**All Defendants**

210. The allegations in paragraphs 1 through 209 are incorporated herein by reference.

211. Qualia owns, develops, and possesses information, documents, and data containing trade secrets, including, but not limited to, financial, business, and economic information, client contact information, pricing data, and technical product information, as alleged herein.

212. Qualia has taken reasonable measures to keep such information secret and confidential, including, but not limited to, having employees and customers sign contracts agreeing not to take or misuse their trade secrets, employing computer systems to prevent and detect theft of trade secrets, and limiting disclosure of certain proprietary information to a need-to-know basis.

213. This confidential trade secret information derives independent economic value from not being generally known to, and not being readily ascertainable through proper means by, another person who could obtain economic value from the disclosure or use of the information.

214. Defendants misappropriated Qualia's confidential trade secret information in the improper and unlawful manner as alleged herein.

215. Defendants' wrongful conduct in misappropriating Qualia's trade secret information, unless and until enjoined and restrained by order of this Court, will cause great and irreparable harm to Qualia. Qualia is threatened with losing its intellectual property as well as current and potential business. Qualia will continue to suffer irreparable injury that cannot be adequately remedied at law unless Defendants are permanently enjoined from engaging in any further such acts of misappropriation.

216. As a proximate result of Defendants' conduct, Qualia has suffered, and will continue to suffer, general and special damages in an amount to be proven at trial, including but not limited to lost profits damages in excess of \$2 million dollars. Defendants have also been unjustly enriched in an amount to be determined at trial, and Qualia seeks compensation for all damages proximately caused by Defendants' conduct.

217. Each of the acts of misappropriation was done willfully and maliciously by Defendants with the deliberate intent to injure Qualia's business and improve their own business and for financial gain, thereby entitling Qualia to exemplary damages and/or attorneys' fees to be proven at trial.

**SIXTH CAUSE OF ACTION**  
**Misappropriation of Trade Secrets Under the Colorado Uniform Trade Secrets Act**  
**("CUTSA")**  
**All Defendants**

218. The allegations in paragraphs 1 through 217 are incorporated herein by reference.

219. Qualia owns, develops, and possesses information, documents, and data containing trade secrets, including, but not limited to, financial, business, and economic information, client contact information, pricing data and technical product information as alleged herein.

220. Qualia has taken reasonable measures to keep such information secret and confidential, including, but not limited to, having employees sign contracts agreeing not to take or misuse their trade secrets, employing computer systems and managing access to prevent and detect theft of trade secrets, and limiting disclosure of certain proprietary information to a need-to-know basis.

221. This confidential trade secret information derives independent economic value from not being generally known to, and not being readily ascertainable through proper means by, another person who could obtain economic value from the disclosure or use of the information. Accordingly, the above-described information constitutes "trade secrets" under Colorado's Uniform Trade Secrets Act, Colorado Revised Statute Section 7-74-101 et. seq.

222. Myers and Daisley were and continue to be under a duty both to keep Qualia's confidential trade secret information secret and not to use or disclose such information other than for the benefit of Qualia.

223. In taking this information from Qualia, Myers and Daisley knew, or should have known, that they acquired such information under circumstances giving rise to a breach of a duty to maintain its secrecy or limit its use, and Defendants Settlor and Land Title knew, or should have known, that they had derived such information from or through a person who has such a duty and/or through improper means.

224. Defendants have taken and retained Qualia's trade secret information in unauthorized fashion. Further, on information and belief, Defendants have used and continue to use this information to benefit themselves, and/or other persons.

225. Defendants did not obtain the trade secret information described above from generally available information or through their own independent research and efforts.

226. The actions of Defendants constitute willful misappropriation of Qualia's trade secrets under Colorado Revised Statute Section 7-74-101 et seq.

227. Defendants' wrongful conduct in misappropriating Qualia's trade secret information, unless and until enjoined and restrained by order of this Court, will cause great and irreparable harm to Qualia. Qualia is threatened with losing its intellectual property as well as current and potential business. Qualia will continue to suffer irreparable injury that cannot be adequately remedied at law unless Defendants are preliminarily and permanently enjoined from engaging in any further acts of misappropriation.

228. As a proximate result of Defendants' conduct, Qualia has suffered, and will continue to suffer, general and special damages in an amount to be proven at trial, including but not limited to lost profits damages in excess of \$2 million dollars. Defendants have also been unjustly enriched in an amount to be determined at trial, and Qualia seeks compensation for all damages proximately caused by Defendants' conduct.

229. Each of the acts of misappropriation was done willfully and maliciously by Defendants with the deliberate intent to injure Qualia's business, to improve their own business, and for financial gain, thereby entitling Qualia to exemplary damages and/or attorneys' fees to be proven at trial pursuant to Colorado Revised Statute Section 7-74-104.

**SEVENTH CAUSE OF ACTION  
Breach of Written Contract – EPIIA  
Defendants Myers and Daisley**

230. The allegations in paragraphs 1 through 229 are incorporated herein by reference.

231. Pursuant to the terms of Qualia's EPIIA, Myers and Daisley agreed to "keep in confidence and trust" and not use or disclose to any third party Qualia's confidential and proprietary information "during [her] employment with [Qualia] and after its termination." Under the terms of Qualia's EPIIA, Myers and Daisley also agreed to "not remove any [Qualia] Documents and Materials from the business premises of [Qualia] or deliver any [Qualia] Documents and Materials to any person or entity outside [Qualia]."

232. Myers and Daisley have unjustifiably, intentionally, and inexcusably breached their obligations under the EPIIA, and under Colorado law, by misappropriating Qualia's confidential information, trade secret information, and other information



concerning the business, operations or plans of Qualia, in violation of their agreements with Qualia.

233. Pursuant to Qualia's EPIIA, Myers and Daisley were and are obligated to, among other things, not take or misuse Qualia's confidential and trade secret information upon termination from Qualia. Further, immediately upon the termination of employment, Myers and Daisley were obligated to "return all [Qualia] Documents and Materials, apparatus, equipment and other physical property, or any reproduction of such property."

234. Myers has further breached Qualia's EPIIA by failing to return all Qualia stolen data and documents, and sharing and utilizing confidential information and Qualia's company documents and materials with Defendants Settlor and Land Title, competitors of Qualia.

235. Qualia performed all obligations required of it under the terms of Qualia's EPIIA.

236. As a proximate result of Myers's and Daisley's breach of contract, Qualia has suffered, and will continue to suffer, general and special damages in an amount to be proven at trial, including but not limited to loss profits damages in excess of \$2 million dollars. Defendants have also been unjustly enriched in an amount to be determined at trial, and Qualia seeks compensation for all damages proximately caused by these breaches.

237. Myers's and Daisley's misconduct described above is ongoing and Qualia has suffered and will continue to suffer irreparable harm. Accordingly, Qualia is entitled to preliminary and permanent injunctive relief enjoining Defendants Myers and Daisley,

and individuals and entities acting with them, from engaging in further misconduct set forth above.

**EIGHTH CAUSE OF ACTION  
Breach of Contract – Separation Agreement  
Defendant Myers**

238. The allegations in paragraphs 1 through 237 are incorporated herein by reference.

239. Under the Separation Agreement, Defendant Myers “reaffirm[ed] and agree[d] to observe and abide by the terms” of the EPIIA. The Separation Agreement specifically incorporates the EPIIA, which requires Defendant Myers to “keep in confidence and trust” and not misuse Qualia’s confidential information “during [her] employment with [Qualia] and after its termination.”

240. Under the Separation Agreement, Defendant Myers also certified that she “returned all documents and other items provided to [her] by [Qualia], developed or obtained by [her] in connection with [her] employment with [Qualia], or otherwise belonging to [Qualia].”

241. Defendant Myers unjustifiably and inexcusably breached her obligations under the Separation Agreement by misappropriating Qualia’s confidential and valuable information to share with Defendants Settlor and Land Trust.

242. Qualia has performed all obligations required of it under the terms of the Separation Agreement.

243. As a proximate result of Defendant Myers’s breach of contract, Qualia has suffered, and will continue to suffer, general and special damages in an amount to be proven at trial, including but not limited to loss profits damages in excess of \$2 million dollars. Defendant Myers has also been unjustly enriched in an amount to be determined

at trial, and Qualia seeks compensation for all damages proximately caused by these breaches.

244. Under the terms of the Separation Agreement, Defendant Myers is also responsible for all costs, attorneys' fees, and any and all damages incurred by Qualia in enforcing Defendant Myers's obligations under the Separation Agreement or the EPIIA. Qualia is entitled to recovery of those costs and fees in an amount to be proven at trial.

245. The misconduct described above is ongoing and Qualia has suffered and will continue to suffer irreparable harm. Accordingly, Qualia is entitled to preliminary and permanent injunctive relief enjoining Defendant Myers, and individuals and entities acting with her, from engaging in further misconduct set forth above.

**NINTH CAUSE OF ACTION**  
**Intentional Interference with Contract between Qualia and its Employees**  
**Defendants Settlor and Land Title**

246. The allegations in paragraphs 1 through 245 are incorporated herein by reference.

247. Qualia entered into valid and enforceable contracts with Myers and Daisley, relating to the ongoing safeguarding of its trade secrets, confidential business information, and related information concerning its business, operations or plans.

248. For many reasons, including industry standards and the facts that Land Title/Settlor use contracts containing indistinguishable obligations with its own employees, Settlor and Land Title were at all times aware of Qualia's contracts with Myers and Daisley that required ongoing obligations post-employment not to use or disclose Qualia trade secrets for the benefit of a competitor, including the EPIIA entered into by Myers and Daisley and the Separation Agreement signed by Myers.

249. Land Title/Settlor's conduct described herein, including but not limited to the failure to take reasonable measures to ensure that neither Myers nor Daisley were in possession of or used confidential proprietary and trade secret Qualia information, was intended to and did induce a breach of Qualia's EPIIA and Myers's Separation Agreement with Qualia.

250. Land Title/Settlor were aware at the time of the acts complained of that the Qualia information Myers and Daisley were sharing and using inside Settlor constituted Qualia trade secrets and/or confidential information, and that their actions in this regard violated their continuing contractual obligations under their Qualia's employment agreements.

251. In allowing Myers's retention of Qualia documents, and directly participating in Myers's and Daisley's misuse of Qualia's confidential and trade secret information for the benefit of Land Title/Settlor, Settlor and Land Title have intentionally interfered with the contracts between Qualia and Myers and Qualia and Daisley and/or prevented Myers's and Daisley's performance under their contracts with Qualia.

252. Defendants Land Title/Settlor intended to disrupt Qualia's contractual agreements with Myers and Daisley, and knew that such disruption was certain or substantially certain to occur.

253. The above-described acts were done willfully and maliciously, with the deliberate intent to injure Qualia and, on information and belief, for Defendants Settlor and Land Title's financial gain.

254. Qualia was harmed by Defendants Land Title/Settlor's conduct in an amount to be proven at trial, and such conduct was a substantial factor in causing Qualia's harm, including damage to its relationships, goodwill, and reputation.

255. Each of the acts of intentional interference was done willfully and maliciously by Defendants with the deliberate intent to injure Qualia's business, to improve their own business, and for financial gain, thereby entitling Qualia to exemplary damages and/or attorneys' fees to be proven at trial pursuant to Colorado Revised Statute Section 7-74-104.

256. Defendants Land Title/Settlor's misconduct described above is ongoing and Qualia has suffered and will continue to suffer irreparable harm. Accordingly, Qualia is entitled to preliminary and permanent injunctive relief enjoining Defendants, and individuals and entities acting with them, from engaging in further misconduct set forth above.

**TENTH CAUSE OF ACTION**  
**Intentional Interference with Contract between Qualia and its Customers**  
**All Defendants**

257. The allegations in paragraphs 1 through 256 are incorporated herein by reference.

258. Qualia entered into valid and enforceable contracts with its customers, which, in relevant part, provide:

Customer shall only access and use the Services through its Authorized Users using valid access credentials assigned to that individual Authorized User.

...

Customer shall not, and shall not permit or assist any other party to, do any of the following without Qualia's prior express written permission: (a) copy, modify, reverse engineer, disassemble, decompile, or otherwise attempt to reveal the source code of any Services, or create any improvements or

derivative works of the Services; (b) access or use the Services for purposes of competitive analysis of the Services, or the development, provision, or use of a competing software service or product; (c) circumvent or disable any technical control or component included in the Services; (d) knowingly submit, input, or upload any information that is unlawful or violates any rights (including intellectual property or data privacy rights) of any other party; (e) damage, disrupt, or impair the Services or Qualia systems, or impede Qualia's provision of any services, in any manner; (f) remove, alter, or obscure any intellectual property notices included in the Services; (g) use the Services in any way that is not expressly permitted by Qualia in this Agreement or an applicable Order Form. **(Exhibit A)**.

259. At all relevant times, Defendants were aware of the existence of Qualia's Master Agreements with its customers at this specific prohibition, both because of Defendant Myers' and Daisley's personal knowledge of the contract terms based on their firsthand experience with them in connection with working for Adeptive and then Qualia, and because these terms are standard in the industry such that Settlor uses nearly identical provisions in its own customers agreements.

260. Defendants' conduct described herein, including using these then-current Qualia customers as Defendants' agents and/or conduits to run scripts and data exports on Qualia's software and to provide Defendants with unauthorized access – all for a purely competitive purpose – was specifically intended to and did induce a breach of Qualia's agreements with its customers.

261. The above-described acts were done willfully and maliciously, with the deliberate intent to injure Qualia and, on information and belief, for Defendants' financial gain.

262. Qualia was harmed by Defendants' conduct in an amount to be proven at trial, and such conduct was a substantial factor in causing Qualia's harm, including damage to its relationships, goodwill, and reputation.

263. Each of the acts of intentional interference was done willfully and maliciously by Defendants with the deliberate intent to injure Qualia's business, to improve their own business, and for financial gain, thereby entitling Qualia to exemplary damages and/or attorneys' fees to be proven at trial pursuant to Colorado Revised Statute Section 7-74-104.

**ELEVENTH CAUSE OF ACTION**  
**Intentional Interference with Prospective Business Advantage**  
**All Defendants**

264. The allegations in paragraphs 1 through 263 are incorporated herein by reference.

265. Qualia invested significant time and substantial resources identifying and pursuing relationships with prospective customers and partners.

266. As a result of Myers's and Daisley's employment at Qualia, all Defendants were aware of these prospective customers and business partners and of Qualia's efforts related to growing these relationships and developing a product that would meet the specific needs of these parties.

267. Defendants improperly used Qualia's confidential and trade secret information misappropriated from Qualia and the Resware platform to approach and solicit Qualia's prospective customers and partners with the intent of persuading these parties to cease and/or reduce the amount of business Qualia reasonably and properly could have expected to obtain.

268. Defendants intentionally acted in an effort to interfere with Qualia's continuing relationships that would have occurred but for Defendants' interference.

269. Each of the acts of intentional interference was done willfully and maliciously by Defendants with the deliberate intent to injure Qualia's business, to improve their own business, and for financial gain, thereby entitling Qualia to exemplary damages and/or attorneys' fees to be proven at trial pursuant to Colorado Revised Statute Section 7-74-104.

270. Defendants' actions have and will continue to cause real, immediate, and irreparable injury and damages to Qualia in an amount to be determined at trial.

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff QUALIA LABS, INC. prays for relief as follows:

1. Judgment in Plaintiff's favor against Defendants on all causes of action alleged herein;
2. For preliminary, and permanent injunctive relief preventing, among other things, Defendants from continuing to possess, access or use in any way the misappropriated Qualia trade secrets and confidential proprietary information, including an order prohibiting Defendants from selling any software or product that contain any of Qualia's trade secrets and/or proprietary information;
3. For consequential damages in an amount to be proven at trial;
4. For compensatory and unjust enrichment damages in an amount to be proven at trial;
5. For exemplary and punitive damages for Defendants' willful and malicious acts;



6. For attorneys' fees and costs incurred by virtue of this action;
7. For pre-judgment and post-judgment interest at the maximum rate allowed by law; and
8. For such other and further relief as the Court may deem proper.

**JURY TRIAL DEMANDED**

Plaintiff requests trial by jury on all issues so triable.

Dated: June 3, 2025

By: /s/ Bradford K. Newman

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